

Message Text

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C O N F I D E N T I A L TEL AVIV 0211

E O 11652: GDS

TAGS: PFOR, IS, JO

SUBJ: POLITICAL STORM BREWING OVER MAALEH ADUMIM

REF: JERUSALEM 0005 (PARA 3)

1. SUMMARY: POLITICAL STORM ABOUT MAALEH ADUMIM INDUSTRIAL PARK IS BEGINNING, WITH OPPONENTS OF PROJECT WITHIN LABOR ALIGNMENT CHARGING THAT FUNDS FOR INFRASTRUCTURE DEVELOPMENT ARE BEING SPENT WITHOUT GOI AUTHORIZATION IN EFFORT TO "CREATE ADDITIONAL FACTS" IN OCCUPIED TERRITORIES. END SUMMARY.

2. POLITICAL STORM IS BREWING HERE OVER CHARGES THAT ISRAEL LANDS AUTHORITY IS PLANNING TO SPEND MILLIONS OF POUNDS ON DEVELOPMENT OF MAALEH ADUMIM INDUSTRIAL ZONE PROJECT BETWEEN JERUSALEM AND JERICHO WITHOUT PROPER GOI AUTHORIZATION. ALLEGATION WAS CONTAINED IN MEMO REPORTEDLY PREPARED BY MAPAM OFFICIALS AND CIRCULATED AMONG FIFTEEN LABOR ALIGNMENT "DOVES".

3. ACCORDING TO PRESS, GOI, AFTER DECIDING LAST MONTH IN PRINCIPLE TO PROCEED WITH MAALE ADUMIM INDUSTRIAL ZONE ALLOCATED IL100,000 FOR PRELIMINARY PLANNING ONLY, AND ASSIGNED PROJECT TO LANDS AUTHORITY FOR STUDY. TREASURY BUDGET DIRECTOR (FAFNI) REPORTEDLY WARNED LANDS AUTHORITY THAT THERE WERE NO FUNDS AVAILABLE FOR WORK OTHER THAN PLANNING. LANDS AUTHORITY
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HOWEVER HAS ALLEGEDLY STARTED INFRASTRUCTURE WORK WHICH

WILL INVOLVE EXPENDITURE OF "MILLIONS OF POUNDS". MAPAM MEMO CHARGED WORK HAS BEEN CARRIED OUT IN EFFORT "TO ESTABLISH FACTS" WITH INTENTION OF THEN OBTAINING GOI FUNDING NEXT YEAR. ASIDE FROM ALLEGATION ON UNAUTHORIZED EXPENDITURE OF FUNDS, MEMO ALSO CLAIMS THAT EXPENDITURES FOR MAALEH ADUMIM WOULD REQUIRE DIVERSION OF FUNDS FROM DEVELOPMENT TOWNS IN THE GALILEE.

4. PRESS ALSO REPORTS THAT FUNDS FOR INFRASTRUCTURE DEVELOPMENT HAVE BEEN LOANED TO LANDS AUTHORITY BY JEWISH AGENCY TREASURER ARYE DULTZIN (LIKUD) PENDING GOI FINANCING DECISION. JEWISH AGENCY CHAIRMAN SAPIR TOLD REPORTER THAT HE HAD BEEN OUT OF COUNTRY AND THEREFORE HAD NOT BEEN CONSULTED BUT WAS NOT SURE WHETHER AUTHORITY EXISTED FOR ALLEGED LOAN. RUMORS ARE CIRCULATING THAT IN MAKING LOAN TO LANDS AUTHORITY, DULTZIN ACTED AT RECOMMENDATION OF MINISTER-WITHOUT-PORTFOLIO GALILI AND DEFMIN PERES.

5. MINISTRY OF COMMERCE AND INDUSTRY OFFICIAL REPORTEDLY HAS RESIGNED FROM SPECIAL GOI GROUP PREPARING MAALEH ADUMIM PROGRAM IN PROTEST AGAINST PROPOSALS ORIGINATING IN DEFENSE MINISTRY TO TRANSFER FUNDS SCHEDULED FOR KIRYAT SHMONA AND SAFAD TO NEW SITE. COMMERCE AND INDUSTRY SOURCES WERE ALSO REPORTED TO HAVE SAID, THAT, DUE TO CUTS IN GOI DEVELOPMENT BUDGET FOR NEXT YEAR, NO FUNDS HAD BEEN ALLOCATED FOR DEVELOPMENT OF MAALEH ADUMIM.

6. LANDS AUTHORITY MAINTAINS THAT ALL WORK ON SITE HAS BEEN PERFORMED IN ACCORDANCE WITH GOI DECISIONS. IT ALSO CLAIMS THAT THERE IS NO QUESTION OF DIVERTING FUNDS FROM DEVELOPMENT AREAS WITHIN ISRAEL. LANDS AUTHORITY CHAIRMAN ZOREA HAS REPORTEDLY CONFIRMED TO ONE NEWSPAPER THAT HE DID DPREPARE AND SUBMIT TO GOVT AT HIS OWN INITIATIVE BUDGET FOR IL 10 MILLION FOR INFRASTRUCTURE WORK AT MAALEH ADUMIM.

7. AT REPORTED INITIATIVE OF PRIMIN RABIN, GOI IS NOW SCHEDULED TO DISCUSS ENTIRE ISSUE AT REGULAR CABINET MEETING JAN 12.

8. COMMENT: FACTS OF CASE MAY BECOME CLEARER IN NEAR FUTURE. ASIDE FROM POSSIBILITY OF YET ANOTHER "SCANDAL" INVOLVING MISUSE OF FUNDS, MAALEH ADUMIM ISSUE COULD REIGNITE SHARP POLITICAL

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CONTROVERSY OVER GOI SETTLEMENT POLICY IN OCCUPIED TERRITORIES. WE ARE REMINDED OF 1973 CONTROVERSY REGARDING LAND PURCHASES BY ISRAELIS IN OCCUPIED TERRITORIES, IN WHICH DAYAN AND "HAWKS" PUSHED FOR LIBERALIZATION OF GOI RESTRICTIONS WHILE "DOVES" URGED THAT GOI HOLD LINE AGAINST POTENTIAL MASSIVE ENCROACHMENT BY ISRAELI SPECULATORS INTO WEST BANK. IN EFFECT, SAME GROUPS AND INTERESTS ARE LINED UP AGAINST EACH OTHER NOW.

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